



**Financial Management Systems Improvement Council
Meeting Notes
Hyatt Regency Bethesda
Bethesda, MD
April 20, 2004**

Attendees: Bonnie Apodaca-SNL, Mike Bartos-ANL, Dan Becker-WSRC, Jim Campbell-DOE HQ, Bruce Chrisman-Fermilab, Marty Conger-PNNL, Nancy Fitchpatrick-DOE OR, Jim Herring-LANL, Brian Morishita-INEEL, Dean Olson-DOE HQ, Ron Ragland-BWXT Y12, Paul Rosenkoetter-INEEL, Brian Sack-BNL, Phil Schultz-LLNL

Guests: Mark Israel-BNL, Robert Meyers- DOE HQ

Not present: Paul Keele-DOE ID,

Jim Campbell

- Susan Grant is still awaiting confirmation as DOE's Chief Financial Officer.
- Financial Statements. Two reportable conditions and no instances of substantial non-compliance with the provisions of the FFMIA.
- Benchmarks. Certificate of Excellence and Accountability was awarded to DOE. The DOE Performance and Accountability Report was ranked fourth among 24 agencies two years ago, 21st last year, and 12th this year by the Mercatur Center at George Mason University.
- February meeting with OMB. Discussed: (1) accelerated financial statements; (2) announced the winning of the financial services competitive sourcing competition; and (3) the status of the STARS Project. For the accelerated statements, most schedule compression is occurring at Headquarters. Also, the auditors will place 80-85% reliance on third quarter data.
- Environmental Liabilities. Waste incidental to processing is an issue that was identified last year with a potential impact of up to \$100B.
- President's Management Agenda. DOE has 1 of the 2 best scores among the cabinet level agencies. May move to green in competitive sourcing and is the only agency to have done a



Competitive sourcing study agency wide. Scored well in the human capital initiative, and should be the next agency to get to green. For the Improved Financial Performance initiative, DOE is attempting to demonstrate to OMB that managers are regularly using financial and performance data to make decisions.

- Dr. Carnes. The PMA and management challenges are two of his major responsibilities.
- Real Property Management. The President signed an Executive Order on 02/04/04 for improved accountability of real property. This establishes a senior real property manager for all agencies, creates an interagency council, requires the creation of performance measures, and the development of a 10 year plan.
- S&S appears to be headed for direct funding for FY-2006. The decision to do this is expected to be finalized within two weeks.
- There are increased instances of using prior year uncosted obligations for new starts. This data is being used in the planning process.
- Conferences. Concern over conferences and meetings using rental facilities surfaced within DOE. The department believes it is participating in too many conferences and spending too much money.
- Audit reports (IG and GAO). The department is not timely in responding to audit findings or implementing corrective actions. There are a number of corrective actions without milestone dates and there is a need to conduct trend analysis on the findings. Increased attention is being placed on closing audit findings.
- Alternative Financing. GAO has been asking questions about HQ's role, documentation of HQ involvement, scoring, and OMB involvement.
- Capitalization Threshold. HQ received the survey results and surveyed other agencies too. The asked field office CFOs to assess benefits against risk.
- IGPP and the Increase to \$10M. A request was made from FMSIC to DOE and went to Jim Rispoli who is responsible to act upon this request. This request would constitute an exemption from the requirements of DOE 430.1B. No comparison was made between DOE and other agencies on the GPP threshold and the comparison probably would have been inaccurate. IGPP has been adopted whereas IGPE is still in a pilot status. Need someone to look at 413.3 and check the language. The IGPE pilot was extended indefinitely. Two pieces to this pilot: (1) asking non-DP labs to participate and (2) not increasing the G&A rate because of IGPE. HQ needs to check with the PSO's to see if they agree with the IGPE proposal and it must be conveyed to them as optional.



HQ needs to find out the timing of the IGPP proposal this week. TEC and TPC will be worked off-line by Jim Herring. The \$10M would include repairs, maintenance, and new facilities and needs to be asked by HQ.

Jim Herring

- S&S. Beth Potts, SNL, was the chairperson for this working group. To convert to indirect by FY-2006 is a dead issue and FY-2007 is questionable. The key is the timing of the implementation. Recommendation is to not implement until we fully understand the implications. It was stated that (1) there is a need to communicate Appendices A, E and F. (2) Need to get info out to WFO customers. (3) Reporting requirements are twice a year. If we don't transition to indirect, there needs to be a reasonable and consistent allocation of S&S costs, which isn't happening now. The working group's recommendation should be treated as a roadmap and used if the decision is made to transition from direct to indirect. FMSIC needs to address the consistency issue.
- FMSIC Working Groups. Each working group should have a champion from FMSIC.

Brian Sack and Ron Ragland

- Management of Accelerated Closings. Survey issued to FMSIC and six responses were received. Concern that the effort required lengthy hours to meet the schedule. Closing schedule is driven by the Treasury and the accruals requirement is driven by audit.

Jim Herring

- FMSIC membership. Need to include NNSA in its membership section of the FMSIC Charter. Currently, there are 10 contractor member and 4 DOE members. The Council might consider having a representative from one of the service centers. The Charter needs a section on voting. Also, a call will be issued to non-member contractors to attend the FMSIC meetings. We need to prepare a new charter based upon member comments and include the replacement cycle for the FMSIC Chair. Need to add the DOE Five Year Plan as a link on the FMSIC Clearinghouse website.

Marty Conger

- General Purpose Facilities issues. Marty discussed the numerous issues surrounding general purpose facilities (3rd party financing, scoring, IGPP). Robert Meyers will look at the conflict between the Smedley memo and the DOE order relative to scoring. Marty will lead a working group on "Mechanism for Obtaining General Purpose Facilities" to develop a recommendation and the group will consist of Bonnie Apodaca, Ron Ragland, Phil Schultz, Mike Bartos, Sue Perino and Robert Meyers.



Dean Olson

- Oracle Financials. Oracle Financials does not allow negative obligations, and obligation and cost transfers will be eliminated in August. Brian Morishita will distribute the proposal re-write of Chapter 12 of the Accounting Handbook for Dean. Between now and July, contractors need to reconcile all B&R 82 and YN 1901 activity and suspend all transfers in August.

Brian Morishita

- Ninety-three persons have registered to attend the ACM. The luncheon speaker will be Brian Zrimsek, Gartner Group. The next FMSIC meeting will be July 27, 2004, Hyatt Regency Bethesda.